



The President's Daily Brief

17 July 1971

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FOR THE PRESIDENT ONLY

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PRINCIPAL DEVELOPMENTS

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Lao officials say they have suggested to the Communist Chinese raising diplomatic representation to the ambassadorial level. (Page 2)

Mack Trucks wants to renegotiate the terms of its participation in the Soviet Kama River truck project.
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SOUTH VIETNAM

Viet Cong cadres based in the southern Cambodian province of Takeo are selling opium and heroin as well as marijuana to smugglers from across the South Vietnamese border, [REDACTED]

[REDACTED] The opium and heroin are brought into Cambodia by the North Vietnamese; the drugs are already processed and refined, but where this occurred was not specified. Any profits the Viet Cong make from the smuggling operations are used to purchase supplies and equipment for their local units, but they are said to be willing to sell the drugs at or below cost in order to ensure a steady flow into South Vietnam for government civil servants and US servicemen.

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Earlier reports had indicated that the Viet Cong obtain marijuana locally and even encourage its production; this is the first report implicating the Communists in the hard drug traffic. Viet Cong personnel are said to be strictly forbidden to use the hard drugs themselves and any caught smoking opium risk the death penalty.

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at least one Cambodian smuggler was reported to move about 10 to 20 pounds of opium and heroin into South Vietnam each month for resale via middlemen to American servicemen in the delta city of Can Tho.

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LAOS - COMMUNIST CHINA

Lao officials say they have proposed to the Chinese that Vientiane and Peking raise their diplomatic representation to the ambassadorial level.

Souvanna has recently made several other moves to improve relations with Peking.



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Souvanna has also reiterated publicly that Communist China should participate in any Indochina settlement.

These steps reflect Souvanna's efforts to strengthen his hand in relation to Hanoi in the event that Indochina negotiations come to pass. They also reflect his disenchantment over Moscow's apparent lack of interest or leverage in Indochina.

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USSR-US

Mack Trucks wants to renegotiate the contract terms which call for Mack to act as the major engineering and management consultant in the Kama River truck project. Mack says it cannot meet some of the conditions specified in the protocol signed in May, particularly the rigid completion date set by Moscow and the Soviet insistence on having the final say on equipment suppliers. Mack argues that US suppliers are reluctant to prepare detailed engineering designs unless practically assured of a contract.

Mack's decision to reopen negotiations, together with Moscow's protracted difficulties in obtaining Western technical and financial assistance from other sources, almost certainly means a delay in the 1974 completion date. The Soviets cannot themselves supply the formidable management and engineering services Mack could provide, and in the end the Soviets may have to come to terms with Mack. Even so, we do not see the project coming to fruition before 1976.

The Soviets view the truck project as the key to modernizing their freight transportation system. They hope to reduce their dependence on railroads for intercity and short hauls; this would be economically feasible with the large trucks they plan to produce at Kama. The 20-ton capacity of the largest of these three-axle trucks will be five times the average capacity of the lighter common carrier trucks the Soviets now use. Kama trucks will be light enough for much of the existing Soviet road network, however, unlike the few large three-axle trucks now available. The Kama trucks could be used by the military to transport heavy equipment, but they are not specifically designed for this purpose and probably will be used primarily in industry and agriculture.

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NOTE

Panama:

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